



EXHIBIT "0"

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ENVIRONMENTAL REMEDIATION AND RESPONSIBILITY AGREEMENT

Agreement made this 17th day of December, 1987 between Emhart Industries, Inc. a Connecticut corporation ("Emhart") and PCI Group Inc., a Delaware corporation ("PCI").

WHEREAS, Emhart has agreed to sell or lease, and PCI has agreed to purchase or lease, certain businesses and assets including real estate, and assume certain liabilities, of Emhart's PCI Division, in accordance with a certain Purchase and Sale Agreement (the "Purchase and Sale Agreement") of even date herewith; and

WHEREAS, the real estate to be sold or leased pursuant to said Purchase and Sale Agreement includes manufacturing plants and improved parcels of land located at New Bedford, MA, (the "Rhodes facility"), and Jaffrey, NH (the "Cross facility") as further defined in the Purchase and Sale Agreement; and

WHEREAS, Emhart has disclosed to PCI in the course of negotiations for the sale of the PCI Division certain known or suspected Environmental Conditions (as defined herein); and

WHEREAS, Emhart and PCI desire to define their respective obligations, undertakings and responsibilities with respect to such Environmental Conditions, known and unknown;

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NOW, THEREFORE, the parties agree:

1. Definitions. The following words and phrases shall have the meanings set forth:

a) "Environmental Conditions" shall mean: 1) those specific matters listed on Exhibit "A", attached hereto and made a part hereof; 2) any other environmental conditions caused by the presence, discharge or release of Hazardous Materials, prior to the date hereof and discovered by PCI or Responsible Authorities and disclosed to Emhart in writing within 2 years from the date hereof which are on or under, relate to, or emanate from, any part of the Rhodes site, or the defined area of the Cross site identified as "PCI environmental area" in Exhibit B; 3) any other environmental condition known or unknown caused by the presence, discharge or release of Hazardous Materials prior to the date hereof which is located on or under, relates to, or emanates from the defined area of the Cross site identified as "Emhart environmental area" in Exhibit B.

a) "Responsible Authorities" shall mean the U.S. Environmental Protection Agency, the Massachusetts Department of Environmental Quality Engineering, the New Hampshire Department of Environmental Services

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and any other Federal, local or state regulatory agency or commission, court or other body with jurisdiction over matters concerning environmental compliance.

- b) "Remedial Measures" shall mean any action designed to investigate, monitor or remedy an Environmental Condition including, without limitation, engineering studies, site investigations, soil and water sampling and analysis, groundwater monitoring and treatment, and water, soil or Hazardous Materials treatment, removal and disposal.
- c) "Business Interruption Losses" shall mean such losses, damages (including exemplary or punitive damages), claims, expenses (including reasonable attorney fees), liabilities or similar detrimental occurrences arising from or relating to interruptions or interference with manufacturing or business operations or use of the Cross or Rhodes facilities, including without limitation, loss of production, loss of profits, loss of business opportunities, and business interruption.
- d) "Hazardous Materials" shall mean oil, hazardous wastes, hazardous or toxic substances, priority pollutants and hazardous materials as those terms are defined under applicable provisions of Federal,

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state and local laws and regulations existing at the date hereof, including without limitation, the Comprehensive, Environmental Response, Compensation and Liability Act (42 U.S.C. Section 9601 et seq.); the Resource Conservation and Recovery Act (42 U.S.C. Section 6901 et seq.); the Federal Water Pollution Act, (33 U.S.C. Section 1251 et seq.); the Clean Air Act, (42 U.S.C. Section 7401 et seq.); the Toxic Substance Control Act (15 U.S.C. Section 2601 et seq.); the provisions of Chapter 21C and Chapter 21E, Massachusetts General Laws and Chapters 147-A and 147-B of the New Hampshire RSA, and any regulations promulgated thereunder, existing at the date hereof.

2. Conduct of Remedial Measures. Emhart agrees to conduct such Remedial Measures, as specifically defined herein, with respect to Environmental Conditions, as specifically defined herein, at the Cross and Rhodes facilities as may be lawfully required by Responsible Authorities or as may be in Emhart's sole judgment or discretion, deemed necessary, appropriate or desirable.
3. No Unreasonable Interference. Notwithstanding any other provision of this Agreement to the contrary, and subject to PCI's agreement that Emhart shall not be responsible

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for Business Interruption Losses in paragraph 10, Emhart agrees that in exercising its responsibilities under this Agreement, Emhart shall make reasonable best efforts to avoid and minimize any interference with the operations and businesses of the Cross and Rhodes facilities to enable PCI to continue such operations and businesses materially and substantially as it had before the implementation of any such actions by Emhart. To this end, Emhart shall consult fully with PCI in the planning and execution of Remedial Measures pursuant to this Agreement and assure that the execution and results of said Remedial Measures, to the fullest extent reasonably possible, do not intrude upon or disrupt PCI's operations and business whether over the short or long-run. Emhart shall provide PCI with reasonable prior notice of all on-site work, consult with PCI prior to the start of all such work, provide PCI with the opportunity for review and comment on work plans and specifications prior to commencement of Remedial Measures and periodically consult and coordinate with PCI during the course of all Remedial Measures. Prior to commencing any site work, Emhart shall provide PCI with a description of the work to be performed and an approximate schedule.

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4. Methods for Implementation of Remedial Measures. During the course of this Agreement, Emhart shall not be required (except for emergency situations involving immediate and serious harm to safety, health or the environment) to implement Remedial Measures using overtime, premium time, 24-hour-a-day basis or similar unusual measures or to resort to extraordinary measures or technologies to respond to Environmental Conditions which are not both cost-effective and feasible under the circumstances, provided however, that if a particular Remedial Measure conducted by Emhart has a disruptive and materially adverse effect on the manufacturing operations of the Cross or Rhodes facilities, and such effect causes a total cessation of operations at either facility which exceeds 2 weeks in continuous duration (excepting normal facility shutdowns), then Emhart agrees to expedite such Remedial Measure by the use of premium time, overtime or <sup>other</sup> ~~similar~~ efforts. *see/att*

5. PCI Performance of Remedial Measures. If Emhart fails to commence or to reasonably proceed with Remedial Measures required by this Agreement to be performed by Emhart, then, after 30 days' written notice thereof to Emhart by PCI and the failure of Emhart to reasonably proceed, PCI may proceed with performance of such Remedial Measures at Emhart's expense, to be paid upon demand by PCI.

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6. Communications and Other Responses by PCI. PCI shall promptly inform Emhart of all communications from any Responsible Authorities concerning Environmental Conditions or Remedial Measures. Except as provided in paragraph 5, 8 and below, PCI shall take no action with respect to Environmental Conditions or Remedial Measures including, without limitation, any communication by PCI to Responsible Authorities, without the prior written approval of Emhart. Notwithstanding the above, PCI may respond to any lawful request, subpoena, order, process or other mandatory requirement issued by Responsible Authorities with respect to Environmental Conditions, provided that PCI provides reasonable notice thereof to Emhart and a reasonable opportunity, if feasible, for Emhart to consult and comment upon PCI's proposed response prior to submission of PCI's response to such request, subpoena, order or other ~~mandatory~~ *mandatory requirement.*
7. Emhart Control of Remedial Measures. Subject to Paragraph 5, 6 and 8, ~~Emhart~~, Emhart shall have sole *EE/PP* control over any Remedial Measures and sole authority to negotiate, dispute or litigate with Responsible Authorities concerning the scope, execution or completion of any Remedial Measures. PCI hereby grants to Emhart the authority to enter into such agreements with Responsible Authorities pertaining to Environmental

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Conditions as Emhart in its sole discretion deems necessary, appropriate or desirable, provided however, that any Remedial Measures shall be performed in accordance with all applicable requirements of federal, state and local law and requirements of Responsible Authorities. Prior to Emhart entering into any written agreement with Responsible Authorities or commencing litigation concerning the scope, performance or completion of Remedial Measures, Emhart agrees to consult in good faith with PCI, and to provide PCI with an opportunity to comment to Emhart about such proposed agreement or litigation.

Notwithstanding the above, if any such proposed settlement or agreement between Emhart and Responsible Authorities is reasonably anticipated ~~to have~~ *cc/* a disruptive and materially adverse effect (including a permanent shut-down) upon the manufacturing operations of the Cross or Rhodes facilities, which effect is reasonably anticipated ~~to exceed 2 weeks in~~ *cc/* continuous duration (excepting normal facility shutdowns), then such settlement or agreement shall require the prior approval of PCI, whose decision shall be promptly made and such approval shall not be unreasonably withheld.

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8. PCI Permits. If PCI is required by Responsible Authorities or applicable laws and regulations, to apply for, procure, or maintain permits, licenses or other authorizations and if PCI is required to submit notices, analyses, reports or other documents relating to Environmental Conditions at the Cross or Rhodes sites, then Emhart shall be provided reasonable opportunity by PCI to review, and comment upon such applications or other submissions relating to such permits, licenses, analyses and other information prior to their submission by PCI to the Responsible Authorities. The cost of all such required PCI permits, licenses, information ~~and~~ *see/only* ~~under~~ *only* under this paragraph shall be divided equally between the parties except that expenses for permits, licenses, etc., which are part of PCI's on-going manufacturing operations shall be borne solely by PCI.

9. Emhart Access to the Facilities. Emhart and its engineers, consultants, contractors, agents and employees shall have access to the plant and property at the Rhodes and Cross facilities upon reasonable notice to PCI for the purpose of carrying out the Remedial Measures under this Agreement, and PCI shall direct its employees and representatives at such facilities to fully cooperate with Emhart in carrying out any Remedial Measures with respect to the Agreement.

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10. PCI Assistance with Remediation Measures. PCI agrees to cooperate in the supply of storage space, electricity, water, compressed air and other utilities, space and services to Emhart which are necessary or useful to Emhart, its representatives, consultants and contractors for implementation of Remedial Measures. PCI further agrees to provide use of its waste water treatment facilities, for processing or treatment of liquids associated with Remedial Measures conducted by Emhart. Notwithstanding the above, PCI shall not be required to supply or continue to supply such utilities, services, or facilities if:

- 1) Such supply would violate, or could cause PCI to violate PCI permits, applicable laws and regulations; or
- 2) Responsible Authorities forbid such supply; or
- 3) Such supply will or could unreasonably interfere with operations at the Cross or Rhodes facilities, or
- 4) Such supply could require PCI to obtain a permit or approval as a Treatment, Storage and Disposal facility under RCRA or other applicable laws.

Emhart will reimburse PCI for out-of-pocket expenses and actual costs directly related to PCI's supply of such utilities, services and facilities. Emhart further agrees, at its expense, to obtain permits or approvals

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from Responsible Authorities or to reimburse PCI for procuring such permits or approvals, which are necessary to make use of such supply and Emhart will comply with all applicable laws and regulations during the course of Emhart's use of such supply.

11. PCI Environmental Site Assessments. Emhart understands and agrees that PCI may, at its own expense, conduct environmental site investigations on and under or related to the Rhodes site and on and under or related to the "PCI environmental area" of the Cross site as designated in Exhibit B, attached hereto, provided that any such investigations at the Cross facility shall be strictly limited to the areas designated as the "PCI environmental area" in Exhibit B, unless PCI is required by responsible authorities or by operation of law to conduct site investigations on other portions of the Cross facility, in which case PCI shall give prompt notice of such requirement to Emhart, and Emhart may in its sole discretion, assume the obligation to conduct such site investigation. PCI agrees to keep Emhart informed about the progress of such investigations, and shall deliver to Emhart complete sets of reports, analyses and studies resulting from such investigations. The voluntary commencement by PCI or its representatives, engineers or consultants of any field site assessment, involving environmental sampling or analyses

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of known or suspected Environmental Conditions at the Cross facility in the areas designated as the "Emhart environmental area" on Exhibit B, without the express prior written consent of Emhart shall immediately and irrevocably void and release all of Emhart's obligations under this Agreement pertaining to the Cross facility, including but not limited to, Emhart's obligation to implement Remedial Measures and to indemnify PCI hereunder.

12. Business Interruption. PCI specifically acknowledges that Remedial Measures may interfere with the use of the Rhodes and Cross facilities and appurtenant properties. Notwithstanding any provision to the contrary herein, Emhart shall not be responsible for any Business Interruption Losses caused by, or arising out of conduct of Remedial Measures pursuant to this Agreement so long as Emhart is in material compliance with the terms of this Agreement pertaining to its obligations to conduct specific Remedial Measures. This provision shall not affect Emhart's responsibility under any other provisions of this Agreement for any damages or losses, other than Business Interruption Losses, arising out of or in connection with implementation of Remedial Measures at the Rhodes or Cross facilities, or other actions.

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13. Limitations of Emhart's Obligations. Emhart shall in no event be responsible for any additional Remedial Measures or portions thereof, caused by acts or omissions of PCI, its agents, employees or others acting on PCI's behalf, to the extent that the scope, expenses or costs of such Remedial Measures or portions thereof have been directly increased or altered by such acts or omissions; which shall include, without limitation: PCI's failure to promptly inform Emhart (subject to Paragraph 6 herein) of any communications from Responsible Authorities relating to Environmental Conditions; or PCI's conduct of Remedial Measures without Emhart's prior written approval (except as provided in paragraph 5 or except as may be otherwise be required by Responsible Authorities); or PCI's failure to grant access to Emhart and cooperate with Emhart in the implementation of Remedial Measures, in accordance with Paragraph 9, herein.

In addition, Emhart shall not be responsible for any increase in costs, liabilities, damages, claims, or other expenses for any additional Remedial Measures or portions thereof required as a direct result of changes in the use of the Cross and Rhodes facilities from those uses presently existing.

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Subject to the provisions of Paragraph 2 and notwithstanding any other term or condition to the contrary in this Agreement or in the Purchase and Sale Agreement, Emhart shall have no obligation whatsoever to assume responsibility for Remedial Measures with respect to, and no obligation to take any action whatsoever concerning any Environmental Condition, under any other agreement between Emhart and PCI (or transferees of PCI's interests hereunder), unless the Environmental Condition: a) has been specified in a written report by a competent professional engineer, environmental consultant or a Responsible Authority, and such report has been delivered to Emhart within two (2) years from the date hereof; or b) is specifically listed in "Exhibit A" hereto; or c) concerns Environmental Conditions at the Cross facility in the "Emhart environmental area" defined on Exhibit B; or d) is otherwise required to be performed by Emhart or PCI by Responsible Authorities.

#### 14. Emhart Indemnities.

- (a) Subject to the limitations set forth in subparagraphs (d) and (e) of this section and provided that PCI observes all material provisions of this Agreement, Emhart agrees to indemnify and

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save harmless PCI, each of its officers, directors, employees, agents, successors, assigns and affiliates from and against all losses, penalties, claims, actions, proceedings, costs, damages, expenses (including court costs, reasonable expert witness fees, consultants fees, and attorney's fees directly connected with the prosecution, defense or investigation of any claim covered by this indemnity) and liabilities, (specifically excluding herefrom Business Interruption Losses) arising from claims, whether now known or unknown, asserted by any third party (including Responsible Authorities) to the extent based upon Environmental Conditions at the Cross and Rhodes facilities.

- (b) Subject to subparagraph (e) of this section Emhart further agrees to indemnify and save harmless PCI, each of its officers, directors, employees, agents, successors, assigns and affiliates from and against all losses, costs, penalties, claims, actions, proceedings, damages, expenses (including court costs, reasonable expert witness fees, consultant fees, and attorneys' fees directly connected with the prosecution, defense or investigation of any claim covered by this indemnity) and liabilities (specifically excluding herefrom Business

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Interruption Losses) whether now known or unknown, to the extent caused by Emhart's acts or omissions while performing Remedial Measures and other actions at the Cross and Rhodes facilities.

- (c) Emhart further agrees to indemnify and save <sup>directly</sup> harmless PCI, each of its officers, <sup>employees</sup>, agents, successors, assigns and affiliates from and against all losses, costs, penalties, claims, actions, proceedings, damages, expenses (court costs, including reasonable expert witness fees, consultant fees and attorney's fees directly connected with the prosecution, defense or investigation of any claim covered by this indemnity) and liabilities (specifically excluding herefrom Business Interruption losses) whether now known or unknown, to the extent caused by: (a) actual or alleged discharges, spills, or releases of Hazardous Materials from, or the existence at any time of, the former Cross filter bed identified on Exhibit C, attached hereto; or (b) Environmental Conditions with respect to machinery and equipment purchased by PCI from Emhart's Whitman Division which are relocated to the Cross or Rhodes facilities, or (c) conduct of Remedial Measures or other action by Emhart at the former Cross filter bed.

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- (d) Notwithstanding the foregoing indemnities, Emhart shall not in any event be responsible for, or indemnify against, any costs, damages, liabilities, expenses, fines or penalties etc. which are caused directly by: (i) the failure of PCI to cooperate with Emhart as provided in Paragraph 9 herein; or (ii) acts or omissions of PCI after the date hereof which result in adverse changes to Environmental Conditions including but not limited to, any spills or releases of Hazardous Materials commencing after the date hereof and not caused by an existing Environmental Condition; or (iii) PCI's commencement of field site assessments involving environmental sampling and analyses at the Cross facility in the "Emhart environmental area" defined on Exhibit B, without Emhart's consent, unless required by Responsible Authorities or unless commenced by PCI pursuant to Paragraph 5.
- (e) Notwithstanding the foregoing indemnities, Emhart shall not in any event indemnify PCI against any claims or demands by any existing or former employee of PCI or Emhart (or any other person claiming through such employee) to which worker's compensation coverage applies or which are covered by the exclusive remedy provided by applicable worker's compensation statutes.

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- (f) Any claims pursuant to this indemnity shall be made in writing in accordance with paragraph 16 and with notice thereof in accordance with paragraph 33 of the Purchase and Sale Agreement. Notice by Emhart of such claimed breach shall be given to PCI and to Fleet National Bank, 111 Westminster Street, Providence, Rhode Island 02904 (attention: Phillip Fitting).

15. PCI Indemnity.

- (a) Provided that Emhart observes all material provisions of this Agreement, PCI agrees to indemnify and save harmless Emhart from and against all costs, losses, claims, damages, expenses (including consultants, witness, and attorney's fees directly connected with matters covered by this indemnity) and liabilities arising from acts or omissions of PCI or others acting on PCI's behalf and directly resulting from spills, releases or discharges of Hazardous Materials on, under, or in the Cross and Rhodes facilities (other than *acts or omissions of* Emhart or Emhart's representatives, contractors, agents during the course of Remedial Measures by Emhart) on or after the date hereof. Any claims pursuant to this indemnity shall be made in writing with notice in accordance with paragraph 33 of the Purchase and Sale Agreement.
- (b) Notwithstanding the foregoing indemnities, PCI shall not in any event indemnify Emhart against any

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claims or demands by any existing or former employee of Embart or PCI (or any other person) to which worker's compensation coverage applies or which are covered by the exclusive remedy provided by applicable worker's compensation statutes.

16. Procedure for Indemnity.

(a) Upon the occurrence of an event giving rise to any indemnity obligation under this Agreement, the indemnified party shall promptly notify the indemnifying party requesting indemnification and setting forth specific particulars of such event. The indemnifying party shall take all actions necessary to perform such indemnity in accordance with section (b) hereof; pay any undisputed amounts due to the other party (or third parties) within 30 days of receipt of such notice; and pay all costs and expenses (including court costs, attorneys' fees, consultant's fees and expert witness fees) incurred by the indemnified party to enforce the indemnity.

(b) In the event of a formally asserted claim or litigation or similar proceeding which the indemnified party reasonably believes will give rise to any obligation of the other party under the indemnity provisions of this Agreement, the indemnified party shall promptly notify the

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indemnifying party of the existence of the claim, litigation, or similar proceeding. The indemnifying party shall be entitled to direct the defense at its sole expense through legal counsel which it shall select and the indemnified party shall cooperate with the indemnifying party in the defense of such claim; provided, however, that the indemnified party shall have the right, at its own expense, to participate (but not to direct or control) in the defense of any such matter or its settlement, and provided further that if the indemnifying party elects not to direct such defense, then the indemnifying party shall promptly notify the indemnified party in writing of election not to defend, and the indemnified party will have the right, at its sole discretion, to direct such defense at the indemnifying party's sole expense. The indemnifying party shall have the right to compromise or settle, with the indemnified party's prior written approval (which shall not be unreasonably withheld or delayed), any claim, litigation, or similar proceeding over which the indemnifying party has assumed control. In the event the indemnified party refuses to approve any compromise or settlement recommended by the

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indemnifying party which would have been concluded but for the indemnified party's failure to give approval, the indemnifying party's liability with respect to any such claim, litigation, or similar proceeding shall not exceed the amount which the indemnifying party would have paid pursuant to such compromise or settlement.

17. Engineers, Contractors and Attorneys. For the purpose of performing the Remedial Measures pursuant to this Agreement, Emhart and PCI shall engage qualified environmental consulting firms and qualified contractors and subcontractors and attorneys.

18. Letter of Compliance. Emhart agrees, within 14 days after receipt of written request thereof by PCI, to issue a written statement declaring whether, to its knowledge, Emhart has any reason to believe that PCI (or its assignee) is not then in compliance with all material provisions of this Agreement and that the Agreement remains in full force and effect. Such statement may contain other appropriate qualifications. In rendering such statement Emhart may request and rely upon written statements of PCI's (or its assignees') employees at the Cross and Rhodes facilities. Emhart's statement under this paragraph shall not prejudice any rights it may have under this Agreement, or its rights to claim a subsequent breach hereunder.

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19. Statute of Limitations. To the extent that Emhart's or PCI's duties and obligations pursuant to this Agreement may exceed applicable statutes of limitation regarding such duties and obligations, each party expressly waives operation of such statutes and each party agrees that such duties and obligations shall be enforceable in accordance with this Agreement. However, neither party waives any rights to plead any statute of limitations or repose in order to defend claims made by third parties.
20. Assignment. All rights, liabilities and obligations of Emhart and PCI hereunder may not be transferred or assigned by either party, except upon prior written consent of the other party, but such consent shall not be unreasonably withheld and shall be rendered in writing not more than 14 days after receipt of notice of such transfer or assignment. Notwithstanding the foregoing, PCI may assign its rights hereunder to any bona fide bank or other lending institution in connection with maintaining or obtaining any financing of the Cross and Rhodes facilities.
21. Incorporation of Purchase and Sale Agreement, Conflicts. Emhart and PCI acknowledge that they have entered into the Purchase and Sale Agreement concerning purchase of the Cross and Rhodes facilities. Paragraphs 32, 33, 35, and 36 of the Purchase and Sale Agreement are hereby incorporated by reference into this Agreement with Emhart substituted for the word "Seller" and PCI

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substituted for the word "Purchaser". In the event of any conflict or ambiguity between the Purchase and Sale Agreement and this Agreement, the provisions of this Agreement shall be controlling.

22. Additional Liabilities. All rights, liabilities and obligations of Emhart and PCI hereunder shall be cumulative and in addition to any rights, liabilities and obligations either of them may have under the Purchase and Sale Agreement, under law or otherwise.
23. Choice of Law; Terminology. This Agreement shall be governed by, construed and enforced in accordance with the laws of the State of Connecticut, except that any Remedial Measures required of Emhart shall be governed by the laws applicable to such Measures. All capitalized terms used herein, but not otherwise defined, shall have the meanings assigned to them in the Purchase and Sale Agreement.
24. Survival of Obligations. All obligations, liabilities, commitments and responsibilities of Emhart and PCI pursuant to the Agreement shall survive and continue after the date hereof. Both Emhart and PCI agree to execute additional instruments and documents and do all such further things as each party may reasonably request of the other in order to carry out the intent of this agreement.

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25. Waivers and Amendments.

- a. This Agreement may be amended, modified or supplemented, and any obligation hereunder may be waived, only by a written instrument executed by the parties hereto. The waiver by any party hereto of a breach of any provision of this Agreement shall not operate as a waiver of any subsequent breach.
- b. No failure on the part of any party to exercise, and no delay in exercising, any right or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or remedy by such party preclude any other or further exercise thereof or the exercise of any other right or remedy.

26. Arbitration. If, in the event of any dispute or controversy arising out of this contract, its performance or breach, the parties hereto are unable to settle the dispute themselves, such dispute shall be submitted to arbitration by a panel of arbitrators, two chosen by the parties respectively, and the third chosen by the first two arbitrators. The decision in writing of the panel shall be binding on the parties. The arbitration shall proceed under the Commercial Arbitration Rules of the American Arbitration Association, except that each

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party shall be responsible for its costs and expenses (including attorneys', consultants' and witness' fees) and the fees for the arbitrators shall be paid equally by the parties. The parties shall proceed with the arbitration as expeditiously as possible. In particular, any dispute not directly related to the existence, definition or cause of an Environmental Condition, or to the scope, necessity or conduct of any Remedial Measures, shall be subject to the Commercial Arbitration Rules regarding Expedited Procedures, except that the arbitration panel shall be chosen as described herein. If the dispute or controversy involves a matter concerning an Environmental Condition or Remedial Measure, all arbitrators chosen for the panel shall have demonstrated expertise with respect to environmental conditions involving Hazardous Materials.

27. Burden of Proof. In determining the obligations and responsibilities of Emhart and PCI under this Agreement for Environmental Conditions alleged by Emhart to have occurred after the date hereof, or to have been caused by the acts or omissions of PCI, its representatives, employees or contractors, on or under, relating to or emanating from, the defined area of the Cross site identified as "Emhart environmental area" in Exhibit B, Emhart hereby agrees that it shall have the burden of

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proving such allegations. However, if at any time Emhart, by written notice thereof, removes the restriction barring PCI from voluntary commencement of any field site assessment involving environmental sampling or analyses at the Cross facility in the "Emhart environmental area", then this provision shall be null and void, and the burden with respect to such allegation shall be in accordance with standard civil procedure. Emhart, in its sole discretion, may release and remove the foregoing restriction contained in paragraph 11, at any time, by notice thereof to PCI.

28. Notice of Non-Compliance. If any party deems the other party to be out of compliance with any term of this Agreement, before invoking any of the provisions of this Agreement which provide for the avoidance or mitigation of a party's obligations because of the failure of the other party to comply with the terms of this Agreement (including without limitation, paragraphs 11, 12, 13, 14, and 15) the party seeking to invoke such provision shall first give notice to the other party of such claimed breach and the opportunity to cure the claimed breach. Upon the other party's failure to reasonably proceed to cure or failure to cure within 20 days of notice of any alleged non-compliance, the party seeking

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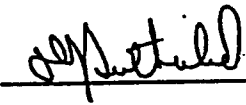
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to invoke such provision may rely on such provision.  
~~Repeated non-compliance within 180 days of the last~~  
~~notice given hereunder shall not require additional~~

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IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized officers on the day and year first written above.

  
VICA PRESIDENT  
Emhart Industries, Inc.

  
PCI Group, Inc.

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EXHIBIT A  
ENVIRONMENTAL CONDITIONS

Note: All Environmental Conditions listed in this Exhibit are limited to those known, suspected, or existing at the date hereof, based upon information supplied to PCI by Emhart.

1. J.C. Rhodes facility, New Bedford, MA.

- a.) potential groundwater and soil contamination as documented in Haley & Aldrich reports No. 622301, dated July 17, 1987, and No. 622302, December, 1987 (draft only).
- b.) suspected leaking underground fuel oil storage tanks which have been removed prior to the date of this Agreement, including potential soil and groundwater contamination.
- c.) potential air emissions problems associated with the existing nitric acid scrubber.

2. W.W. Cross facility, Jaffrey, N.H.

- a.) potential soil and groundwater contamination surrounding the sump in the steel pickling/cleaning area.
- b.) compliance with local, state and federal requirements existing as of the date of this Agreement (or proposed

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to be in effect prior to completion of the pretreatment facility) for the wastewater pretreatment facility and other water discharges, including roof drains, air compressor and boiler blowdown.

- c.) potential soil and groundwater contamination in the "first" surface impoundment identified as Solid Waste Management Unit ("SWMU") No. 1 in the "SWMU letters" referenced below.
- d.) potential soil and groundwater contamination of the "tack pile" area, as identified as SWMU No. 2 in the "SWMU letters" referenced below.
- e.) potential soil and groundwater contamination under the plating line.
- f.) potential soil and groundwater contamination in or under the earth embankment separating the fire pond and the upper pond.

"SWMU" Letters

1. Letter dated July 11, 1985 from J. B. Blatz (Emhart Corporation) to the U.S. E.P.A. and the New Hampshire Division of Public Health Services.
2. Letter dated October 30, 1985 from J. B. Blatz to the U.S. E.P.A. and the New Hampshire Division of Public Health Services.
3. Letter dated November 15, 1985 from J. B. Blatz to the U.S. E.P.A. and the New Hampshire Division of Public Health Services.

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